

Senator Harry Reid

Special Report

Taxes

Taxpayer Rights

I gave my first speech in the Senate on the rights of taxpayers. Since then I have worked to make IRS bureaucrats more accountable to the citizens who pay their salaries.

I was a strong champion of the original Taxpayers' Bill of Rights, a law that guarantees taxpayers the right to have an attorney represent them before the IRS, forbids the IRS from using quotas for audits or property seizures, and allows taxpayers to recover financial damages caused by the IRS. Most important, the law requires the IRS to explain to taxpayers, in plain English, these and all other rights to which they are entitled.

While the original Taxpayers' Bill of Rights sent a strong message to many IRS officials, further reform was necessary to strengthen taxpayer rights. As a result, I supported the Taxpayers' Bill of Rights II, which created the Office of Taxpayer Advocate to assist taxpayers in resolving problems with the IRS. Later, I joined Senators Bob Kerrey (D-NE) and Charles Grassley (R-IA) to pass the IRS Restructuring and Reform Act. This comprehensive law revamped the management and oversight of the IRS to make it more accountable to American taxpayers.

Middle Class Tax Relief

I have always supported middle-class tax cuts that provide relief to working Nevada families and strengthen our economy. I support elimination of the marriage penalty because two people shouldn't have to pay more in taxes as a married couple than as two individuals. I also support extending the \$1,000 child tax credit to families earning less than \$26,000, which would provide relief to 200,000 U.S. military families and 57,000 families in Nevada.

We must also reform the Alternative Minimum Tax (AMT). Originally the AMT was intended to prevent high-income individuals from avoiding their income-tax obligations. An increasing number of middle-income taxpayers, however, will be affected by the AMT in the future. Without reform, more than 35 million middle-income taxpayers will be affected by the tax by 2010, compared to only one million in 1999. I will continue to work for reform to the AMT in the near future.

Cracking Down on Corporate Tax Loopholes

I am fighting to prevent big corporations from using tax loopholes to escape their taxes and shift the burden to ordinary Americans. I have introduced the Corporate Patriot Enforcement Act to close a tax loophole that allows companies to avoid income taxes on all their foreign profits, a practice known as corporate expatriation.

Corporate expatriation occurs when a U.S. company files papers to move its company's "citizenship" to a tax haven country like Bermuda. Even though the company remains in the U.S. physically, the paper transaction exempts the company from paying taxes on its foreign profits. The company is taxed as though it is no longer an American firm.

The Corporate Patriot Enforcement Act will change tax law so corporate expatriates are treated exactly as though they were U.S. corporations, eliminating the tax gain that companies get when they expatriate. Dozens of U.S. companies are currently taking advantage of this loophole, and the practice drains billions of dollars from the Treasury, siphoning money from important needs like our schools and first responders, and adding to the crushing national debt that our children will have to shoulder. My legislation will stop this shameful practice.

For more information visit my Web-Site at <http://reid.senate.gov>